

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2613 - SB 2502

February 22, 2016

SUMMARY OF BILL: Requires the higher education funding formula to allocate funding to public higher education institutions based in part on first year post-graduation job placement rates; requires the Tennessee Higher Education Commission (THEC) to study the feasibility of Tennessee Student Assistance Corporation (TSAC) refusing to guarantee a student loan for a student who is majoring in a field in which the job placement rate in Tennessee is extremely low; and creates a “Skills for Tomorrow” supplemental award that shall be equal to \$250 per semester for students majoring in high demand fields that have a low supply of qualified Tennessee employees. The additional award shall be funded through the Lottery for Education Account beginning in the 2016-2017 academic year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$4,874,000/Lottery for Education Account

Other Fiscal Impact – The higher education funding formula will not require additional state appropriations; however, some funding may be reallocated amongst institutions based on the inclusion of the first year post-graduation job placement metric.

Assumptions:

- Total available funding to higher education institutions will not change as a result of this bill; however, some portions of funding could shift from some institutions to other institutions as a result of reallocating funds based on first-year post-graduation job placement.
- Any impact for THEC to conduct the proposed study is estimated to be not significant and can be accomplished within existing resources without an additional appropriation or a reduced reversion.
- The Skills for Tomorrow award will be an annual award of \$500 and will not change in future fiscal years.
- Based on information from the Tennessee Department of Labor and Workforce Development and TSAC, the high demand majors with a low supply of Tennessee workers are: precision production pathway, communications development, transportation, production, operations and maintenance, accounting administrative

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support, construction, business analysis, banking and finance, teacher, training services, and elementary teachers (excludes special education).

- In the fall of 2014, 9,748 students at either a University of Tennessee system institution, a Tennessee Board of Regents institution, or a Tennessee Independent Colleges and Universities Association institution declared majors in one or more of the aforementioned high demand majors. It is assumed this number will remain relatively constant in all future years.
- All eligible students apply for and receive the Skills for Tomorrow award.
- The recurring increase in state expenditures from the Lottery for Education Account is estimated to be \$4,874,000 (9,748 students x \$500).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/rbp